

HAWAII HEALTH SYSTEMS

C O R P O R A T I O N

"Quality Healthcare For All"

House Committee on Health
Representative Della Au Belatti, Chair
Representative Richard P. Creagan, Vice Chair

Rep. Mark J. Hashem
Rep. Jo Jordan
Rep. Bertrand Kobayashi
Rep. Dee Morikawa

Rep. Marcus R. Oshiro
Rep. Beth Fukumoto Chang
Rep. Andria P. L. Tupola

February 6, 2015
Conference Room 329
8:30 a.m.
Hawaii State Capitol

Testimony Supporting House Bill 1075, Relating to Health

Linda Rosen, M.D., M.P.H.
Chief Executive Officer
Hawaii Health Systems Corporation

The HHSC Corporate Board **supports** the option of partnerships with private non-profit healthcare systems to address the challenges HHSC hospitals face in continuing to provide vital healthcare services throughout the state, while striving to reduce taxpayer subsidies. The involvement of a private non-profit entity has been identified and recommended by several previous studies, including the requested report to the Legislature delivered in 2010 by Stroudwater Associates.

Healthcare today is a very specialized, complex and rapidly changing business. Federal, state and private health insurance providers strive to reduce spending on healthcare; in particular, expensive hospital costs. This is an environment where maintaining revenue is difficult, and increasing revenue is particularly challenging. Operators of healthcare facilities face constant pressure to provide higher quality care and customer satisfaction at lower cost (the triple aim). Investments in specific areas such as health information technology, physician networks, quality improvement, supply chain management, and expertise in revenue cycle maximization are essential. Hawaii non-profit healthcare providers have already invested substantially in this new paradigm. HHSC facilities can benefit from partners who can accelerate access to these investments and also greater economies of scale.

HHSC is proud to represent state funded facilities that provide essential healthcare services across the state. But it is recognized that to continue to provide healthcare under a government model as we do today may be unnecessary. Neighbor island communities and our facilities are attracting the interest of private non-profit healthcare systems looking for larger markets and economies of scale. Allowing experts in the healthcare industry to assume more of the responsibility for healthcare in our state can allow precious government dollars to be spent for other needed services. Support of this measure can optimize access to high quality healthcare services and thus contribute to the general economic growth of our state.

Thank you for the opportunity to testify.



State of Hawai'i
House of Representatives
Committee on Health

Representative Della Au Belatti, Chair
Representative Richard P. Creagan, Vice Chair

DATE: Friday, February 06, 2015
TIME: 8:40 a.m.
PLACE: Conference Room 329
State Capitol
415 South Beretania Street

TESTIMONY IN SUPPORT
House Bill 1075

Madame Chair Belatti, Vice Chair Creagan and members of the House Committee on Health,

My name is Wesley Lo, Chief Executive Officer of Hawai'i Health Systems Corporation – Maui Region. Thank you for the opportunity to provide testimony on House Bill 1075.

The Maui Region hospitals, which include Maui Memorial Medical Center, Lāna'i and Kula Hospitals, are in need of help. We are at a critical point in our journey as an organization, as a group of committed medical personnel and professionals and as a community.

Maui Memorial Medical Center is the only acute care hospital in all of Maui County, we have no private hospitals, as such, we are left to care for all of Maui Nui – it is our pleasure and our passion, yet we have an ever-growing challenge in meeting the increasing needs of our fiscal responsibilities and our want to provide more services to our County and those who visit our islands.

We are proud of our efforts over the last several years to improve the services for the County of Maui as well as improve our financial position. During the period from 2008 to 2013, we were able to increase our Operating Revenues by \$72.6 million, while our Operating Expenses only increased by \$55.1 million for the same period.

At the same time, we improved our financial situation, we also increased and improved services to our community, our heart program, stroke program, and trauma programs are proof of our efforts to improve the healthcare in the county of Maui.

As we predicted for years, in 2014, the landscape changed.

Our revenues started feeling the effects of reduced reimbursements related to the Affordable Care Act, as well as the fact that we have started reaching capacity in many areas of the hospital and the ability to grow Revenues without significant investment have been virtually shut down. In 2014, we started feeling the effects of new requirements related to federally mandated

requirements (Electronic Medical Records and ICD-10) as well as increased collective bargaining costs. That year, our revenues increased \$800,000, while our operating expenses increased \$19 million (of which \$9.9 million was related to EMR/ICD-10 implementation costs; and \$10.8 million was related to increases in Salaries, Wages and Benefits.)

For FY 2015, revenues for the first half of the year did not show an increase over last year and remain flat and we are seeing further increases in expenses related to inflation and negotiated salaries, wages and benefits. This is exacerbated by the fact that the general fund appropriations to HHSC were reduced by approximately \$17 million.

As we look into the future, we have just learned the President Obama's federal budget includes approximately \$400 billion in reductions and reforms to Medicare, Medicaid and other United States Department of Health and Human Services programs over the next decade, which will invariably affect the state's rural hospital system

We cannot continue this trend.

As a region, if we were to look at decreasing the operating expenses, we would have to look at decreasing services to Maui County. Maui Memorial has already closed its Adolescent Behavioral Health Unit – a loss that has affected Maui and Hawai'i Counties. We do not want to cut any more services, but the financial chasm continues to widen.

The burden is heavy as one of Maui County's largest employers, so our attempts to create a public-private partnership is to allow Maui Region's hospitals to maintain and expand services and give Maui County the much-needed medical services they need and want as a community.

HB 1075 provides the opportunity for Maui Region to explore opportunities to dramatically reduce subsidies to maintain the status quo, increase services and provide competitive fair market value private sector compensation and work rules that are appropriate for a 24/7 hospital operations.

We recognize and value our staff – every single one of them is the soul and heart beat of this region. They are the faces the calm scared family members, the hearts that touch our patients in some of their most challenging times, they are the arms that welcome new life to Maui, they are my neighbors and friends. This hospital means so much to so many on Maui, and it is difficult to fathom the worse for this region. Our need to find a public-private partner is not to obfuscate the challenges of a fiscally deficient system but it truly is our last opportunity to find a solution, short of closing departments, restricting services and releasing employees.

Maui has no private hospitals that provide these services; we are the option – the only option.

I ask for your consideration on this proposed measure.

Mahalo.

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 05, 2015 10:43 AM
To: HLTtestimony
Cc: smcfarland@hhsc.org
Subject: Submitted testimony for HB1075 on Feb 6, 2015 08:40AM

HB1075

Submitted on: 2/5/2015

Testimony for HLT on Feb 6, 2015 08:40AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Scott McFarland	Individual	Support	Yes

Comments: As a Regional CEO within the HHSC System, I support the option of partnerships with private non-profit healthcare systems to address the challenges HHSC hospitals face in continuing to provide vital healthcare services throughout the state, while striving to reduce taxpayer subsidies. The involvement of a private non-profit entity has been identified and recommended by several previous studies, including the requested report to the Legislature delivered in 2010 by Stroudwater Associates. Healthcare today is a very specialized, complex and rapidly changing business. Federal, state and private health insurance providers strive to reduce spending on healthcare; in particular, expensive hospital costs. This is an environment where maintaining revenue is difficult, and increasing revenue is particularly challenging. Operators of healthcare facilities face constant pressure to provide higher quality care and customer satisfaction at lower cost (the triple aim). Investments in specific areas such as health information technology, physician networks, quality improvement, supply chain management, and expertise in revenue cycle maximization are essential. Hawaii non-profit healthcare providers have already invested substantially in this new paradigm. HHSC facilities can benefit from partners who can accelerate access to these investments and also greater economies of scale. HHSC is proud to represent state funded facilities that provide essential healthcare services across the state. But it is recognized that to continue to provide healthcare under a government model as we do today may be unnecessary. Neighbor island communities and our facilities are attracting the interest of private non-profit healthcare systems looking for larger markets and economies of scale. Allowing experts in the healthcare industry to assume more of the responsibility for healthcare in our state can allow precious government dollars to be spent for other needed services. Support of this measure can optimize access to high quality healthcare services and thus contribute to the general economic growth of our state. Thank you for the opportunity to testify.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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creagan1 - Dannah

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 05, 2015 8:16 AM
To: HLTtestimony
Cc: cvancamp3@hawaii.rr.com
Subject: Submitted testimony for HB1075 on Feb 6, 2015 08:40AM

HB1075

Submitted on: 2/5/2015

Testimony for HLT on Feb 6, 2015 08:40AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Carol A. VanCamp	Board Chair - HHSC	Support	No

Comments: We support the intent of this bill to allow our regions to pursue public/private partnerships, as they know best the healthcare needs of their communities. We will be monitoring the details in the bill to ensure that they do not have a negative impact on the rest of our regions or our employees and that access to quality healthcare in the communities we serve is protected.

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State of Hawaii
House of Representatives
Committee on Health

Representative Delia Au Belatti, Chair
Representative Richard P. Creagan, Vice Chair

Date: Friday, February 06, 2015
Time: 8:40AM
Place: Conference Room 329
State Capitol
415 South Beretania Street

TESTIMONY IN SUPPORT
House Bill 1075

Madame Chair Belattii, Vice Chair Creagan and members of the House Committee on Health,

My name is Susan Stewart. I am acting CMO of Maui Memorial Medical Center (MMMC) and a former member of the Maui Regional Board. I was a physician actively caring for patients at MMMC from 1986 until June of 2013. I have personally witnessed the improvements in patient care on Maui and the expansion of medical services available to the people of Maui. For the past year I have worked in administration at the hospital and have had first hand experience with the difficulties encountered in delivering care and expanding services while working in a system encumbered by work rules and union rules that are not suited to a 24/7 hospital operation. These rules often force us to be inefficient and wasteful of valuable resources.

I do not feel that Maui Memorial should be the "Mayo of the Pacific." I do feel that medical care that is of proven value, that saves lives and prevents disability needs to be provided to our population. Yes we need our heart program because minutes lost in treatment translate into bad outcomes. Yes we need our stroke program because minutes can mean the difference between full recovery and a life spent in a wheel chair. Yes we need our trauma services because appropriate and prompt intervention can mean the difference between life and death. Saying that these services are available on Oahu and therefore are not needed here, undervalues the lives of our citizens.

Changes in medical care and documentation have placed increased stress on an already stressed system. New layers of expenses are continually being added for coding, documentation and reporting. In addition our employment expenses have risen significantly. Despite being unprecedentedly busy this winter our revenues cannot keep up with the expenses. We need help to avert cutting services and to be able to continue to provide quality care to the citizens of Maui and ideally to further expand services.

The message we at Maui Memorial Medical Center are getting from the state is that you cannot afford to help us. I appreciate the fiscal reality that the legislature and governor face. I am sympathetic. You have difficult choices you need to make. But I feel we have an alternative available that will not place further fiscal strain on the Hawaii State Government, and will allow us to achieve our medical goals and that solution is Bill HB1075.

Thank You for you attention.

February 5, 2015

TO: House Committee on Health
Della Au Belatti, Chair
Richard P. Creagan, Vice Chair
Honorable Members of the Committee

House Committee on Labor & Public Employment
Mark M. Nakashima, Chair
Jarrett Keohokalolo, Vice Chair
Honorable Members of the Committee

House Committee on Finance
Sylvia Luke, Chair
Scott Y. Nishimoto, Vice Chair

Date: Friday, February 6, 2015
Time: 8:40 a.m.
Place: Conference Room 329
State Capitol
415 South Beretania Street

FROM: West Hawaii Regional BOD, Strategic Planning Committee

RE: HB 1075 - Relating to the Health.

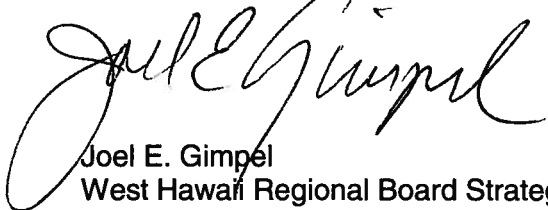
Thank you for the opportunity to submit testimony in **SUPPORT of HB 1075.**

The purpose of this bill is to authorize the Maui Regional System to enter into an agreement with a private entity, and to transition one or more of its facilities into a new private Hawaii nonprofit corporation.

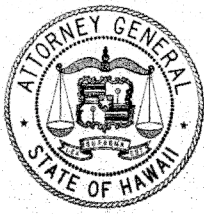
In the face of reduced reimbursements for health care services and rising costs, the current state model of healthcare organization is not sustainable. This bill, in its simplicity, will allow the Maui Regional System to develop a sustainable model of health care delivery that may lower costs and improve the overall quality of services to the community.

Thank you for allowing me to submit testimony. Your support is greatly appreciated.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Joel E. Gimpel", is written over the typed name and title.

Joel E. Gimpel
West Hawaii Regional Board Strategic Planning Committee



TESTIMONY OF THE DEPARTMENT OF THE ATTORNEY GENERAL TWENTY-EIGHTH LEGISLATURE, 2015

ON THE FOLLOWING MEASURE:
H.B. NO. 1075, RELATING TO HEALTH.

BEFORE THE:
HOUSE COMMITTEE ON HEALTH

DATE: Friday, February 6, 2015 **TIME:** 8:40 a.m.
LOCATION: State Capitol, Room 329
TESTIFIER(S): RUSSELL A. SUZUKI, Attorney General, or
Andrea J. Armitage, Deputy Attorney General

Chair Belatti and Members of the Committee:

The Department of the Attorney General provides the following comments.

This bill would create a new part in chapter 323F, Hawaii Revised Statutes (HRS), with respect to the Hawaii Health Systems Corporation (HHSC) to enable a public-private collaboration and eventual transition of Maui regional system health care facilities to a private nonprofit corporation ("transitioned facility"). It provides that the Maui regional system board may enter into leases of the real property under its custodial control to the transitioned facility at a nominal rent. The measure provides for current and future liabilities to be assigned to either the State or the transitioned facility. Also, the bill would require the State to subsidize the operation of any transitioned facility and jointly fund capital expenditures for up to ten years.

We have a number of concerns about this bill.

A. The Timeframes for Allocation of Current and Future Liabilities of the Transitioned Facility Are Not Specified.

Proposed section 323F-F establishes whether the State, the HHSC corporation, the Maui region, or the transitioned facility is responsible for certain liabilities. Proposed subsection (a), page 5, lines 8 – 19, provides that the State, the Maui region, HHSC, or one or more of these entities as provided in the lease shall assume current liabilities, including liability for the "current outstanding post-employment benefits." The word "current" is not defined. We would recommend that the bill specify a condition that would define it, such as "as of the effective date of the lease."

Proposed subsection (b), page 6, lines 1 – 3, provides that "[a]ll future liabilities arising out of the transitioned facility's operation of the lease facilities shall be the responsibility of the transitioned facility." Similar to the previous subsection, we would recommend that the bill specify a condition that would make it clear when liabilities become "future liabilities," such as "as of the effective date of the lease."

B. This Bill Does Not Appropriate Moneys to the Transitioned Facility.

Proposed sections 323F-H and 323F-I, on pages 7 and 8 of the bill, purport to require the State to subsidize the operations, and jointly fund the capital expenditures, of the transitioned facility for up to ten years. However, these sections (1) cannot bind successive Legislatures to make particular appropriations, (2) do not require the Legislature to appropriate a specific amount to the transitioned facility, and (3) act only as an intention by the Legislature to appropriate funds in the future. Once transmitted, moneys can only be appropriated by way of a chapter 42F grant.

1. One Legislature Cannot Obligate a Future Legislature to Make an Appropriation.

Proposed sections 323F-H and 323F-I are not enforceable mandates that require the appropriation of moneys in future fiscal years, because "one Legislature may not bind a successor Legislature (or even itself) to make an appropriation." Town of Milton, 623 N.E.2d at 484. Article III, section 1 of the Hawaii State Constitution provides:

The legislative power of the State shall be vested in a legislature, which shall consist of two houses, a senate and a house of representatives. Such power shall extend to all rightful subjects of legislation not inconsistent with this constitution or the Constitution of the United States.

Thus, the Legislature has complete legislative authority and may enact legislation as it determines except as limited by the State Constitution or the Constitution of the United States. See, e.g. State ex. rel. Stenberg v. Moore, 544 N.W.2d 344, 349 (Neb. 1996); Opinion of the Justices, 623 A.2d 1258, 1262 (Me. 1993). If interpreted as compulsory, sections 323F-H and 323F-I, requiring the Legislature to appropriate funds in the future as specified in those provisions, would violate Article III, section 1 of the State Constitution, by attempting to control the power of a succeeding Legislature to legislate. At best, the provisions could be interpreted as advisory only, and therefore, unenforceable.

With respect to proposed sections 323F-H and 323F-I, we recommend that those sections be deleted in their entirety since they are not legally enforceable. We are concerned that if these provisions remain and the bill is enacted, prospective corporations interested in becoming a "transitioned facility" would believe that these provisions are enforceable and they would become part of their assumptions when negotiating the leases. This could lead to a mistaken understanding and possible litigation. An alternative would be to make those provisions clearly contingent upon future legislative appropriations.

2. The Legislature May Appropriate Moneys to Private Entities Only as Provided by Law.

Article VII, section 4, of the Hawaii State Constitution provides that "[n]o grant of public money or property shall be made except pursuant to standards provided by law." Chapter 42F, HRS, provides the legal standards by which public moneys could be provided to the transitioned facility pursuant to a grant in future legislation. The transitioned facility would have to apply for the chapter 42F grant, meet the requirements in section 42F-103, and then enter into a contract with the expending agency pursuant to section 42F-104.

If the Committee prefers different standards for providing moneys to the transitioned facility, it could specify those standards in this bill or another bill for that purpose.

We respectfully request that the committee consider our comments.

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON HEALTH
ON
HOUSE BILL NOS. 1075, 1112, 1145, 1146, 1254, AND 1420

February 6, 2015

RELATING TO HAWAII HEALTH SYSTEMS CORPORATION

The following measures on this agenda all attempt to address in various different ways the issue of facilitating sustainability of the Hawaii Health Systems Corporation (HHSC):

- House Bill (H.B.) No. 1075 authorizes the Maui Regional System to enter into an agreement with a private entity to transition one or more of its facilities into a new private Hawaii nonprofit corporation.
- H.B. No. 1112 establishes a process for determining whether the health care services provided by HHSC, or one or more of its regional health care systems, can be delivered more cost-effectively by partnering with a private health care management system.
- H.B. No. 1420 repeals the regional system boards of HHSC and increases the size of the HHSC board and changes its composition.
- H.B. No. 1254 repeals HHSC and re-establishes the Division of Community Hospitals under the Department of Health.
- H.B. No. 1146 creates seven separate collective bargaining units for employees of HHSC.
- H.B. No. 1145 authorizes HHSC to mortgage its real property and clarifies the dollar cap on municipal leasing authority.

The Department of Budget and Finance supports the general intent of transitioning HHSC into “a more economically efficient system of health care delivery.” The issues involved in facilitating HHSC sustainability are complex and multifaceted. For this reason, we would recommend moving all of these bills along to enable further discussion and deliberation.

The Ige Administration will work with the applicable committees during the course of this session to attempt to develop a realistic and workable framework for moving forward to ensure that vital health care services will be provided either through a restructured HHSC or some other appropriate entity.



HB1075
RELATING TO HEALTH
House Committee on Health

February 6, 2015

8:40 a.m.

Room 329

The Office of Hawaiian Affairs (OHA) Committee on Beneficiary Advocacy and Empowerment will recommend to the OHA Board of Trustees a position of **COMMENTS** for HB1075, which authorizes the Maui Regional System of the Hawai'i Health Systems Corporation (HHSC) to lease one or more of its hospital facilities to a private nonprofit corporation, for a nominal rent of \$1.00 per year. OHA offers these comments based on the status of the land underlying HHSC's Kula Hospital in Maui.

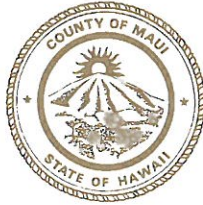
Kula Hospital sits on former crown or government land that was ceded by the Republic of Hawai'i to the United States in 1898, "without the consent of or compensation to the Native Hawaiian people of Hawaii or their sovereign government[.]" P.L. 103-150 (1993). OHA maintains that the state cannot diminish the ceded land corpus until the Native Hawaiian people's claim to ceded lands has been resolved. OHA appreciates that HB1075 explicitly determines that HHSC "shall retain ownership of all real property with the lease" and that the Maui regional system board "shall not dispose of any real assets other than by lease."

The Department of Land and Natural Resources' State Land Information Management System (SLIMS) shows the HHSC's Kula Hospital is located on public land trust land. Accordingly, the fiduciary obligations of the state with respect to the public land trust apply to the lands underlying Kula Hospital. OHA notes that the HHSC would be limited to leasing to a nonprofit corporation, for the purpose of ensuring access to health care services for the community. Given the status of these lands as public land trust lands the committee may want to consider the following:

1. Specifying that any private nonprofit corporation that will operate and manage a transitioned hospital facility be certified as tax exempt under sections 501(c)(1) or 501(c)(3) of the Internal Revenue Code of 1986. This requirement would be consistent with statutory requirements governing less than fair market lease rents for lands under the jurisdiction of the Board of Land and Natural Resources ("BLNR"). See HRS section 171-43.1.
2. Indicating a mechanism whereby revenue generated could be shared with the state.

Mahalo for the opportunity to testify on this important measure.

ALAN M. ARAKAWA
MAYOR



200 South High Street
Wailuku, Hawai'i 96793-2155
Telephone (808) 270-7855
Fax (808) 270-7870
e-mail: mayors.office@mauicounty.gov

OFFICE OF THE MAYOR

Ke'ena O Ka Meia

COUNTY OF MAUI – Kalana O Maui

TESTIMONY OF ALAN ARAKAWA, MAYOR COUNTY OF MAUI

BEFORE THE HOUSE COMMITTEE ON HEALTH

Friday, February 6, 2015

8:40 a.m.

Conference Room 329

HB 1075 RELATING TO HEALTH

Honorable Della Au Belatti, Chair

Honorable Richard P. Creagan, Vice Chair

Honorable Members of the House Committee on Health

Thank you for this opportunity to testify in strong **SUPPORT of HB 1075** which authorizes the Maui Regional System to enter into an agreement with a private entity to transition one or more of facilities into a new private Hawaii nonprofit corporation.

I believe that we are nearing a real “health care crisis” and join the growing number those who are concerned with whether we are adequately prepared to provide comprehensive, quality health care for our communities.

Maui County is the only county made up of three separate islands. We have over 160,000 residents and over 2.3 million visitors per year, and they all depend upon Maui Memorial Medical Center, the only full-service, acute care facility in the county, to meet their health care needs. Simply put, any reduction or loss of health care services would be devastating to our communities, families, businesses and economy.

MMMC is also one of the largest employers in Maui County with approximately 1,400 employees. Due to its financial deficit, MMMC has already had to close its adolescent behavioral health unit, Molokini II. Further cuts or reduction in services would inevitably result in employees being laid off.

As a state-funded medical facility, MMMC’s continued challenges has resulted in a serious financial deficit and an added burden on the state.

- MMMC ended fiscal year 2014 with an operating loss of \$43.4 million;
- An additional \$46.3 million loss is projected for FY 2015;

Chair Della Au Belatti
HB 1075
February 6, 2015
Page 2 of 2

- MMMC projects that it will need between \$573 million and \$843 million in State funding over the next 10 years to continue operating at current levels;
- MMMC's aging facilities are in need of major updating, and its infrastructure and grounds continue to deteriorate resulting in more costly repairs; and,
- A recent study reported that Maui County's supply of 306 doctors was short by 80 to meet the health care needs of its growing population.

We ask that the legislature allow MMMC the option, and ability, to enter into an agreement with a private entity to transition into a new private Hawaii nonprofit corporation and reduce its ever-increasing dependence on state subsidies.

For these reasons I strongly support HB 1075.

creagan1 - Dannah

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 05, 2015 3:19 PM
To: HLTtestimony
Cc: alan.arakawa@mauicounty.gov
Subject: Submitted testimony for HB1075 on Feb 6, 2015 08:40AM
Attachments: Testimony of Keith Regan, Managing Director HB 1075 Relating to Health.pdf

HB1075

Submitted on: 2/5/2015

Testimony for HLT on Feb 6, 2015 08:40AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Keith Regan, Managing Director	County of Maui	Support	No

Comments:

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Friday, February 06, 2015– 8:40 a.m.
Conference Room 329

The House Committee on Health

To: Rep. Della Au Belatti, Chair
Rep. Richard P. Creagan, Vice Chair

From: David Okabe
EVP, CFO and Treasurer

Re: **HB 1075 – Relating to Health**
Testimony in Support

My name is David Okabe, Executive Vice President, Chief Financial Officer and Treasurer at Hawai'i Pacific Health (HPH). Hawai'i Pacific Health is a not-for-profit health care system, and the state's largest health care provider and non-governmental employer. Hawai'i Pacific Health is committed to providing the highest quality medical care and service to the people of Hawai'i and the Pacific Region through its four hospitals, more than 50 outpatient clinics and service sites, and over 1,600 affiliated physicians. Hawai'i Pacific Health's hospitals are Kapi'olani Medical Center for Women & Children, Pali Momi Medical Center, Straub Clinic & Hospital and Wilcox Memorial Hospital.

Why we are interested:

Ensuring access to high quality health care for all Hawai'i residents is the core mission of Hawai'i Pacific Health. Based on the HHSC Maui Regional Healthcare System's estimates, operating losses are expected to increase significantly over the next 10 years. These deficits will almost certainly require increased support from Hawai'i's tax payers, or potential cuts to health care services and jobs on the island of Maui.

Hawai'i Pacific Health believes that being proactive today will help to create a sustainable health care system ensuring Maui County residents can access high quality, local health care in the future. Unless the state addresses the financial challenges facing the Maui Region, the repercussions will be detrimental to the entire state.

Hawai'i Pacific Health is willing to be part of a solution. We believe that a public-private partnership is the best approach to creating a sustainable health care delivery system on Maui, a system that will grow to meet the needs of the community. Recognizing this potential, we are committed to working with Maui and have invested the necessary time and resources on due diligence to further explore this possibility. Although we are willing to be part of a solution, we also believe it is imperative that all key stakeholders for Maui come together to produce a successful, collaborative solution.

Why Hawai'i Pacific Health?

Hawai'i Pacific Health has the experience, resources and infrastructure to successfully support this collaborative effort. As a statewide system with multiple facilities, Hawai'i Pacific Health has demonstrated that it can provide effective, locally dedicated health care on Maui. HPH already provides various adult and pediatric specialty services on Maui and Lana'i. We send our physicians to Maui to provide specialty services. We operate the Straub Clinic on Lana'i, where we provide physician coverage for Lana'i Community Hospital. On Kaua'i, HPH operates Wilcox Memorial Hospital, a sustainable, high quality, health care system with an integrated hospital and neighborhood clinics. As an employer, HPH also has worked successfully with a number of employees represented by several labor unions.

Under HPH's proposal to Maui, state operating subsidies shall not exceed the 2014 fiscal year subsidy and may be lowered based on performance. This represents a significant savings to the state of Hawai'i compared to the expected Maui Region operating losses over the next 10 years.

What we hope to accomplish:

The Maui Region is growing rapidly and is in need of the full spectrum of health care services. Knowing that patients heal better when surrounded by their family and friends, we believe care should be delivered locally whenever possible. Therefore, HPH is committed to maintaining and improving access to high quality health care services on the island. As part of our due diligence, HPH will be looking at services provided on Maui versus services that are provided for Maui residents on other islands. Once the hospital becomes sustainable, we expect access to services will need to expand, not contract.

Why HB 1075 is needed:

HPH will need to make sound management decisions to be successful on Maui. The passage of HB 1075 will enable us to work with the Maui Region to make the kinds of changes that will allow the Maui Region facilities to become sustainable. The ability to manage hospital operations using hospital best practices is critical to the success of the proposed public-private partnership.

Under a private, not-for-profit hospital structure, HPH could manage hospital operations using hospital best practices that have proven to be successful on O'ahu and Kaua'i. With support from the state of Hawai'i under a public-private partnership, over time we expect the Maui Region to improve operating performance and become self-sustaining. The requirements of a successful public-private partnership are outlined in HB 1075.

As we continue our due diligence, we ask that this committee pass HB 1075 so that these discussions with the Maui Region can continue.

Thank you for this opportunity to testify.



TO: House Committee on Health
Representative Della Au Belatti, Chair
Representative Richard P. Creagan, Vice Chair

FR: Richelle Kawasaki, Chief of Organizational Development
Maui Region
Hawaii Health Systems Corporation

DATE: Friday, February 06, 2015
TIME: 8:40 a.m.
PLACE: Conference Room 329
State Capitol
415 South Beretania Street

Thank you for the opportunity to provide comments in support of the HB 1075 RELATING TO HEALTH. The purpose of this bill is to authorize the Maui Regional System to enter into an agreement with a private entity to transition one or more of its facilities into a new private Hawaii nonprofit corporation.

Here in the Maui Region, we have one acute care hospital (Maui Memorial Medical Center) and two critical access hospitals (Kula Hospital and Lanai Community Hospital). The care we provide to residents and visitors is crucial to the well-being of our community. Thank you for your past support of healthcare in the Maui Region. Together with the efforts of our most valuable commodity, our workforce, your support has allowed us to be able to provide comprehensive cardiovascular services at Maui Memorial Medical Center as well as to be able to provide 24/7 stroke care to our patients. We would like the opportunity to continue to improve healthcare in our Community.

We humbly ask for the Legislature's help and assistance in finding a solution to our current fiscal challenges. As an organization, we are open to any and all viable solutions that our community and you, our elected officials propose. We have looked at many options and continue to challenge ourselves daily to develop solutions that will keep us a thriving organization. We have requested additional funding from the Legislature and are being told that this may not be a realistic request. As such, we do feel that a public private partnership is currently the best solution to allow us to continue to grow as a healthcare provider.

We humbly ask that you support us as an organization in all ways that you can. We ask that you do this so that we can continue to provide the types of services needed in our community. These services require resources in order to be able to keep pace with the ever changing medical field and advancements in treatment and technology.

We also ask you to support us an organization that is recognized in our Community as one of the largest employers in the County of Maui. We desire to continue to provide jobs for our dedicated workforce who has made it their mission to care for those in medical need. We want to continue to provide individuals with the opportunity to seek out meaningful careers in health care here in our Region.

We hope that this Legislative Session will bring about positive change and a commitment from you supporting healthcare here in the Maui Region. We urge you to move this bill forward. Thank you for the opportunity to provide these comments.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the House Committee on Health
Friday, February 6, 2015 at 8:40 A.M.
Conference Room 329, State Capitol**

RE: HOUSE BILL 1075 RELATING TO HEALTH

Chair Belatti, Vice Chair Creagan, and Members of the Committee:

The Chamber of Commerce of Hawaii ("The Chamber") **supports** HB 1075, which authorizes the Maui Regional System to enter into an agreement with a private entity to transition one or more of its facilities into a new private Hawaii nonprofit corporation.

The Chamber is the largest business organization in Hawaii, representing over 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

The Chamber supports HB 1075 as it would continue the discussion of public-private partnerships in Hawaii. We are hopeful that the possibility of an agreement between Maui Regional System and a private entity would increase efficiency in government services and benefits of healthcare to residents of the state.

Thank you for the opportunity to testify.

creagan3 - Karina

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 05, 2015 12:49 PM
To: HLTtestimony
Cc: joycet@halemakua.org
Subject: *Submitted testimony for HB1075 on Feb 6, 2015 08:40AM*

HB1075

Submitted on: 2/5/2015

Testimony for HLT on Feb 6, 2015 08:40AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Joyce Tamori	Hale Makua Health Services	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 05, 2015 3:27 PM
To: HLTtestimony
Cc: gszigeti@hawaiilodging.org
Subject: Submitted testimony for HB1075 on Feb 6, 2015 08:40AM
Attachments: HB1075_2.6.14_HLT.pdf

HB1075

Submitted on: 2/5/2015

Testimony for HLT on Feb 6, 2015 08:40AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
George Szigeti	Hawaii Lodging & Tourism Association	Support	No

Comments:

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House Committee on Health

The Hon. Della Au Belatti, Chair

The Hon. Dee Morikawa, Vice Chair

Testimony on House Bill 1075

Relating to Health

Submitted by Robert Hirokawa, Chief Executive Officer

February 6, 2015, 8:40 am, Room 329

The Hawaii Primary Care Association (HPCA), which represents the federally qualified community health centers in Hawaii, opposes House Bill 1075 as drafted, which authorizes the Maui Regional System to enter into an agreement with a private entity to transition one or more of its facilities into a new private Hawaii nonprofit corporation.

We recognize that section §323F-7.6, Hawaii Revised Statutes (HRS), provides the authority to transition a HHSC regional system or health facility to a new entity. HPCA opposes this bill because it lacks inclusion, input, and consideration of federally qualified health centers in the system's region. For example, with regard to this measure, Lanai Community Health Center serves almost 50% of the residents on Lanai. The health center should be involved in any plans to transition a facility because it will affect them and their patients. Section §323F-25 of HRS states:

“Regional system board; community hospitals; community health centers; collaboration. Each regional system board and each community hospital under the jurisdiction of the corporation shall collaborate with community health centers within their respective geographic jurisdictions to maximize funding from the state and federal governments to:

- (1) Maximize reimbursement for health care services provided;
- (2) Acquire funds for capital investment;
- (3) Provide expanded hours of service; and
- (4) Ensure the provision of the appropriate level of care to the community served by each community health center.”

It's clear that the legislative intent when regional systems were created was to require collaboration with community health centers that were in a regional system's geographic jurisdiction. Although this collaboration has not always occurred, it must occur; particularly if the health center serves a large population of the area. If this measure moves forward we ask the committee to consider amendments that include language similar to HRS §323F-25 and require collaboration with federally qualified health centers in their geographic jurisdiction as a condition of transition and prior to transition. We ask that the same language also be placed into HRS §323F-7.6 so that any future transitions require collaboration with federal qualified health centers.

Thank you for the opportunity to testify.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

**The Twenty-Eighth Legislature, State of Hawaii
House of Representatives
Committee on Health**

**Testimony by
Hawaii Government Employees Association
February 6, 2015**

**H.B. 1075, H.B. 1112, H.B. 1420, H.B. 1254 –
RELATING TO THE HAWAII HEALTH SYSTEMS
CORPORATION**

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of H.B. 1420 which recentralizes the Hawaii Health Systems Corporation and provides for the Auditor to complete a full financial and management audit of the System. These initial steps are critical and vitally important in accurately assessing the HHSC's current financial state and ensuring that appropriated funds are being prudently spent. The full financial and management picture must be thoroughly and independently assessed prior to the Legislature acting on any of the other aforementioned bills, H.B. 1075, H.B. 1112, and H.B. 1254, which authorizes privatization, establishes a process to determine if the System should privatize, and reestablishes the division of community hospitals under the Department of Health, respectively.

We raise serious reservations and grave concerns over proposed legislation to rapidly privatize the safety net hospital system: it is a risky and dangerous proposition, which may cause irreversible harm to our community. It is unrealistic to believe that Maui County's population of 144,000 residents can sustain similar utilization as Oahu's population of 953,000, without an exorbitant and perpetual state subsidy, a severe reduction of services, or a combination of both. Any type of private acquisition will rely heavily on tax payers' dollars to support the System, while the Legislature relinquishes its oversight on how those tax dollars are spent and cannot guarantee that the private operator remain.

Advancing legislation that enables privatization, without fully assessing the System's financial and management situation is premature. We respectfully implore the Legislature to judiciously complete its due diligence, ensure satisfactory answers to all of its questions, and exhaust every avenue prior to fracturing and selling a portion of the state's assets. We cannot afford any lesser degree of scrutiny or the potential of a failed experiment when it comes to delivering critical safety net services.

Thank you for the opportunity to provide testimony on the aforementioned bills.

Respectfully submitted,

**Randy Perreira
Executive Director**

The Twenty-Eighth Legislature
Regular Session of 2015

HOUSE OF REPRESENTATIVES
Committee on Health
Rep. Della Au Belatti, Chair
Rep. Richard P. Creagan, Vice Chair
State Capitol, Conference Room 329
Friday, February 6, 2015; 8:40 a.m.

**STATEMENT OF THE ILWU LOCAL 142 ON H.B. 1075
RELATING TO HEALTH**

The ILWU Local 142 offers comments on H.B. 1075, which authorizes the Maui Regional System to enter into an agreement with a private entity to transition one or more of its facilities into a new private Hawaii nonprofit corporation.

Since its creation in 1996, Hawaii Health Systems Corporation (HHSC) has experienced budget shortfalls, requiring the corporation to appeal to the Legislature each year for funds to remain operational. Even when HHSC was established, it was clearly understood that HHSC facilities would need continued state funding, precisely because of their inability to generate sufficient revenues to be self-supporting and because of the State's commitment to provide safety net services to neighbor island and rural communities. Yet, each year, legislative appropriations have been less than requested, resulting in deficits increasing and being compounded.

The proposal being offered by H.B. 1075 would authorize HHSC's Maui Region to enter into an agreement with a private, nonprofit entity to lease and operate one or more of the hospitals in the region. Presumably, the private entity would provide much-needed capital and other resources to allow the hospitals to operate more efficiently and more cost-effectively. Because of the State's commitment to provide safety net functions, the bill also requires the State to provide an "operating subsidy" to the private entity, which will not exceed the subsidy provided in the 2014 fiscal year and may be lowered based on operating performance. The hope, then, is that the private operator would be able to implement management changes to help the hospitals become more self-sufficient.

Those management changes will involve changes to personnel. Not only will the facilities transition, but employees will be required to transition from public sector employees to private sector employees—if they are retained. The bill provides for a retention period of no less than six months, but no guarantee thereafter.

The employees are currently covered by collective bargaining agreements with their unions. They enjoy certain benefits, including a pension, if vested, from the state's Employee Retirement System. Under the scenario proposed in H.B. 1075, all but vested pensions will be given up by employees, including representation by their current unions.

As a union that has seen its members experience layoffs due to changes in ownership and management, the ILWU is acutely aware of the heavy price paid by affected employee—their jobs are in jeopardy, the wages and benefits they have come to expect may be lost, their lives and families will be disrupted. Although we have seen what can occur in case after case, we are not suggesting that management changes should never occur. What we are suggesting is that a change of employment from public to private is not a simple matter because so many lives are involved.

Frankly, we are torn. On one hand, as a union, we are concerned about the employees who will be affected. Privatization amounts to sub-contracting, which can lead to loss of unionized jobs. On the other hand, the ILWU is deeply concerned about the State maintaining its commitment to providing a health care safety net for those living on the neighbor islands and in rural communities. Even on Oahu, the long-term care beds provided by HHSC are critical to meet the present and future long-term care needs anticipated with the rapidly growing elderly and disabled population.

We urge the Legislature to proceed carefully, involve all stakeholders, ensure no violation of court decisions (e.g., Konno decision), preserve the State's commitment to health care safety net functions, and protect the rights of the employees, including the right to collective bargaining.

Thank you for the opportunity to share our views and concerns.

February 5, 2015

Committee on Health
Rep. Della Belatti, Chair
Rep. Richard Creagan, Vice Chair
Friday February 6, 2015
Hawaii State Capitol, Rm. 329

RE: Testimony in support of HB 1075

Dear Chair Belatti, Vice Chair Creagan, and Members of the Committee,

I am writing in strong support of HB1075, a bill to enable a partnership between the hospitals of the Maui Region of HHSC and a private nonprofit partner. As a physician who practices in both clinical and administrative capacities at Kula Hospital I have seen both the wonderful patient care we give and the hurdles we have to leap as a state agency to accomplish that. As a quasi state agency we are hampered by state rules regarding contracting, procurement, recruitment, and management in our efforts to adjust to the changing healthcare environment. As a state agency we cannot be nimble enough to survive and thrive in this rapidly changing field.

Maui Memorial Medical Center is the only acute care hospital on Maui. It is difficult for residents of Oahu to imagine depending on only 1 acute care hospital. If MMMC fails, our community fails. Maui residents have asked for this legislation for 3 years now. This year we have a serious, respected, long term local partner in HPH working with us. Do not let this opportunity slip through your fingers as it may not come again. Please pass HB1075 and allow Maui residents to have access to a sustainable healthcare system.

Respectfully submitted,
Nicole Apoliona, M.D.
Medical Director, Kula Hospital and Clinic

LĀNA'I COMMUNITY HEALTH CENTER

P. O. Box 630142
Lāna'i City, HI 96763-0142



Phone: 808-565-6919
Fax: 808-565-9111

The Community is our Patient -- men, women, children, uninsured, insured!

COMMITTEE ON HEALTH

Rep. Della Au Belatti, Chair

Rep. Richard P. Creagan, Vice Chair

Testimony in Opposition of HB1075

Relating to Health

Friday, 02-06-15 8:40AM

House conference room 329

Submitted by Diana M V Shaw, PhD, MPH, MBA, FACMPE

Executive Director, Lāna'i Community Health Center

Written Testimony

I am writing in opposition of HB1075. While I fully understand that change is needed in order to provide HHSC with a viable future, the change outlined in this bill is one that has been crafted without community input. In addition, it was crafted without input from Lāna'i Community Health Center (LCHC) who is now providing ongoing care for 47% of the population of the island of Lāna'i. And, our patient numbers continue to grow monthly with, on average, 20-25 new patients seeking continuing care from us. We are an essential provider on our island, and the only safety net outpatient provider on this island.

There was no conversation as to how this bill and the subsequent lease of Lāna'i Community Hospital would affect our community, or LCHC's ability to care for its patients. As a consequence there are no safeguards in the bill that protect our community or LCHC's ability to care for its patients. A few specifics that you might not be aware of:

1. Ellison, the island's owner, has made comments about changing the health care system on our island – he, nor his team have had any conversation with LCHC.

E Ola nō Lāna'i

LIFE, HEALTH, and WELL-BEING FOR LĀNA'I

2. Ellison's team has had extensive conversations with Straub/HPH that fashioned a health care system around that organization – though LCHC reached out repeatedly to Ellison's team, no conversation has occurred.
3. Will HPH be a good partner to LCHC and its patient? You can decide for yourself:
 - LCHC has been trying to get admitting privileges at Lāna'i Community Hospital for its internist, Dr. Joe Humphry, since June 2014. While this hospital is an affiliate of Maui Region, it has a contract with Straub/HPH for ER, LTC and Medical Director services. Is our inability to get privileges just plain incompetency on the part of the Maui Memorial credentialing and privileging office, or is there something to the fact that if credentialed, Dr. Humphry will be the first non-HPH provider with admitting privileges at that facility?
 - LCHC has had also experienced continuous problems with the ER physicians lack of communication regarding our patients – patients not being sent back to LCHC when we are the patient's provider and LCHC is not contacted for discussion or input when our patients present at the ER (in spite of our 24/7 coverage). And, LCHC has had continued problems obtaining x-ray results in a timely manner.
 - These issues continue in spite of our establishing an LCH/LCHC breakfast on a quarterly basis so that our providers can interface with the ER and lab staff, and monthly LCH/LCHC leadership meetings.

Our questions: what happens to LCHC and our ability to provide services to our community if this bill is approved without any safeguards to protect a community's choice? Without any safeguard that will allow LCHC to continue to provide services? Is this bill taking the 'community' out of community medicine?

There are many more concerns from a taxpayers perspective:

1. The new entity has control of the Maui Region System's assets; yet the liabilities of the system remain with the State (i.e., the taxpayer)
2. The State (i.e., the taxpayer) guarantees the new entity a maximum annual operating subsidy not to exceed the 2014 subsidy without a time limit
3. The first 10 years of the lease, the State [i.e., the taxpayer] will jointly fund capital expenditures with the private entity – details are left to a lease that is not yet written
4. There are provisions in the bill that address primary care expansion, expansion of the private entity's service lines, and coordination of LTC patients – however, there is no safeguard as to what will be provided on neighbor islands versus on Oahu –(There is cost to the health care system and patients when services are moved to Oahu. Has this been taken into consideration? Has it even been calculated?)

While the intent of this bill is laudable – addressing HHSC issues – the unintended consequences are huge. The removal of 'community' from community medicine is costly. The conversation of the community and significant providers within the community needs to occur before this bill, and SB795, proceeds further and become law.

Thank you for the opportunity to testify.

A handwritten signature in dark ink, appearing to be 'DVM' followed by a flourish.



Maui Hotel & Lodging
ASSOCIATION

Testimony of
Lisa H. Paulson
Executive Director
Maui Hotel & Lodging Association
on
HB1075
Relating To Health

COMMITTEE ON HEALTH
Friday, February 6, 2015, 8:40am
Room 329

Dear Chair Belatti, Vice Chair Creagan, and Members of the Committee,

The Maui Hotel & Lodging Association (MHLA) is the legislative arm of the visitor industry. Our membership includes over 150 property and allied business members in Maui County – all of whom have an interest in the visitor industry. Collectively, MHLA's membership employs over 20,000 local residents and represents over 19,000 rooms. The visitor industry is the economic driver for Maui County. We are the largest employer of residents on the Island - directly employing approximately 40% of all residents (indirectly, the percentage increases to 75%).

MHLA **supports** HB1075 that authorizes the Maui Regional System to enter into an agreement with a private entity to transition one or more of its facilities into a new private Hawaii nonprofit corporation. The passage of this bill is critical to the future delivery and sustainability of quality health care services for the residents of Maui County.

Maui Memorial Medical Center (MMMC) is Hawaii Health Systems Corporation's (HHSC) largest acute care facility and only full-service hospital in Maui County, with one fifth the total inpatient hospital volume in the state. It is also the only hospital in the state with a 24/7 stroke prevention program and only neighbor island hospital that provides comprehensive cardiovascular services. This facility cares for MHLA employees, their families and our visitors to Maui.

The current structure of HHSC is not sustainable for the long-term delivery of quality healthcare services for residents, especially those of us living on the neighbor islands. A public-private partnership will reduce dependence on government subsidies and provide access to private capital. This would help HHSC facilities: Broaden access to private capital and services and address physical plant needs; Create efficiencies of scale and increased resources; Standardize and improve clinical practice through evidence-based guidelines, access to best practices and health information systems which support tracking and monitoring progress; Enhance information technology infrastructure; Offer private sector compensation packages to attract, retain and integrate qualified medical service personnel; and Provide greater access to quality healthcare and lower costs.

MMMC's aging facilities are in need of major updating in order to provide for the well-being and safety of our residents and visitors. Facility infrastructure and grounds continue to deteriorate resulting in more costly repairs and increased difficulty with recruiting qualified staff. Growing losses by community hospitals will inevitably affect services, accessibility, staffing and the ability for MMC to remain competitive in quality and costs. If not resolved, this may result in facility closures leaving residents and visitors alike to seek care on Oahu. This scenario, especially with urgent care, is not the future we want to see for Maui.

Thank you for the opportunity to testify.

creagan3 - Karina

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 05, 2015 12:13 PM
To: HLTtestimony
Cc: gm@napilikai.com
Subject: Submitted testimony for HB1075 on Feb 6, 2015 08:40AM

HB1075

Submitted on: 2/5/2015

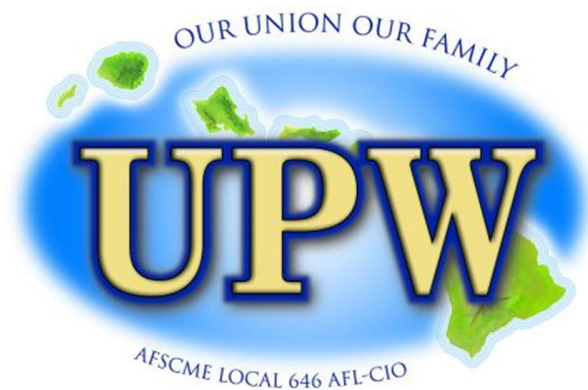
Testimony for HLT on Feb 6, 2015 08:40AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Gregg Nelson	Napili Kai Beach Resort	Support	No

Comments: Dear Committee, I am in complete favour of HB1075. Here on Maui we cannot allow our main hospital to not meet the medical needs of residents and visitors due to it's current budget shortfall. A public/private partnership is the only viable solution to this challenge. Please support HB1075. Mahalo Gregg Nelson

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THE HAWAII STATE HOUSE OF REPRESENTATIVES
The Twenty-Eighth Legislature
Regular Session of 2015

COMMITTEE ON HEALTH

The Honorable Representative Della Au Belatti, Chair
The Honorable Representative Richard P. Creagan, Vice Chair

DATE OF HEARING: Friday, February 6, 2015
TIME OF HEARING: 8:40 a.m.
PLACE OF HEARING: Conference Room 329
State Capitol
415 South Beretania Street

TESTIMONY ON HOUSE BILL 1075 RELATING TO HEALTH

By DAYTON M. NAKANELUA,
State Director of the United Public Workers,
AFSCME Local 646, AFL-CIO ("UPW")

My name is Dayton M. Nakanelua and I am the State Director of the United Public Workers, AFSCME, Local 646, AFL-CIO (UPW). The UPW is the exclusive bargaining representative for approximately 12,000 public employees, which include blue collar, non-supervisory employees in Bargaining Unit 01 and institutional, health and correctional employees in Bargaining Unit 10, in the State of Hawaii and various counties. The UPW also represents about 1,500 members of the private sector.

The UPW opposes HB1075 which authorizes the Maui Regional System to enter into an agreement with a private entity to transition one or more of its facilities into a new private Hawaii non-profit corporation.

February 5, 2015

My name is Gregg Lundberg and I am writing in support of HB1075 to authorize the Maui regional health care system to enter into an agreement with a private entity, Hawaii nonprofit corporation.

Maui Memorial Medical Center, Kula Hospital and Lanai Community Hospital have been an integral part of our community for generations. I think I can speak for almost any Maui resident when I say that everyone knows someone who has depended on one of these great facilities for care.

The islands of Maui County have over 160,000 combined residents, and over 2.3 million visitors each year. This may seem insignificant compared to Oahu in numbers, but also consider that we only have one full-service, acute care hospital to rely on for everything from a broken bone, to childbirth, to triple bypass surgery. Our growing community, like Oahu's, has medical needs that require access to quality healthcare, close to our homes and our families where healing happens best. We deserve it. Can you imagine if all C-sections had to be performed on Oahu, or a child with a broken arm had to be medevac'd for treatment? Can you imagine what that would do to our young families - physically, emotionally and financially? Can you imagine the volume of patients that would now be transferred to Oahu and what that would do to further exacerbate ER wait times, bed availability and the physician shortage problems our state is already facing if we can't have a functioning healthcare system on the third largest island in the state?

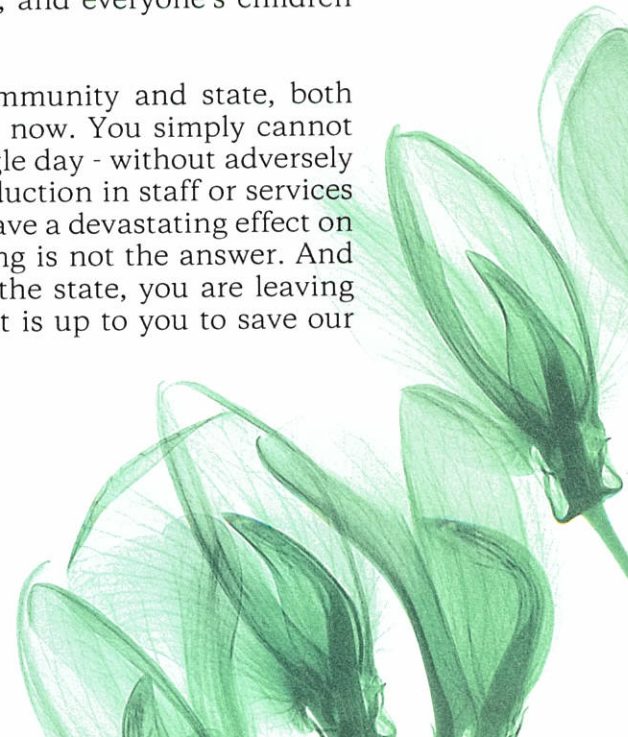
Maui Memorial Medical Center is also one of the largest employers in Maui County. If we lose more services, we'll inevitably be putting these jobs on the line. Everyone is affected by the loss of healthcare services on Maui: everyone's employees, and everyone's children and kupuna, residents and visitors alike.

I urge you to put the health of our community and state, both physical and financial, first. The time is now. You simply cannot wait any longer to take action - not a single day - without adversely affecting our community. Any further reduction in staff or services as an answer to this financial crisis will have a devastating effect on our community...your community. Cutting is not the answer. And it seems with the reduced subsidy from the state, you are leaving less and less options for our hospitals. It is up to you to save our hospitals.

Mahalo for your consideration.



Gregg Lundberg
General Manager
The Westin Maui Resort & Spa
808-661-2501



creagan1 - Dannah

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 05, 2015 3:21 PM
To: HLTtestimony
Cc: scott.ashworth@fourseasons.com
Subject: Submitted testimony for HB1075 on Feb 6, 2015 08:40AM

HB1075

Submitted on: 2/5/2015

Testimony for HLT on Feb 6, 2015 08:40AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Scott Ashworth	Individual	Support	No

Comments: Please support this important bill to privatize hospital here on Lanai. This is important for the future of quality health care on Lanai. Mahalo.

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creagan3 - Karina

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 04, 2015 4:54 PM
To: HLTtestimony
Cc: alibaba@hawaii.rr.com
Subject: Submitted testimony for HB1075 on Feb 6, 2015 08:40AM

HB1075

Submitted on: 2/4/2015

Testimony for HLT on Feb 6, 2015 08:40AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Alistair Bairos	Individual	Support	No

Comments: Fully and enthusiastically support this initial step in transforming all of HHSC into a highly functioning healthcare system fully attuned to and capable of meeting the needs of the populations served.

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From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 05, 2015 6:10 AM
To: HLTtestimony
Cc: jkodama@hhsc.org
Subject: Submitted testimony for HB1075 on Feb 6, 2015 08:40AM

HB1075

Submitted on: 2/5/2015

Testimony for HLT on Feb 6, 2015 08:40AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Judy Kodama	Individual	Support	No

Comments: Dear Chair Belatti, Vice Chair Creagan, and Members of the Committee on Health: I am writing in support of SB795 to authorize the Maui regional health care system to enter into an agreement with a private Hawaii nonprofit corporation. My name is Judy Kodama and I have worked at MMMC for 28 years. I have held multiple positions from staff RN to current Director of Nursing position and have seen our healthcare evolving dramatically, yet our public healthcare system has failed to keep pace. This has created financial problems that have not only limited our resources, but also hindered our ability to grow with the increasing needs of our healthcare on Maui. Staff at MMMC are working in a very difficult economic situation which needs action now. I believe any reduction of services will put our community in to a severe healthcare crisis. Our Maui Ohana deserves to have continuous healthcare services close to our home. I humbly ask for the legislature to assist in finding a solution during this legislative session. Thank you for the opportunity to provide these comments.

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February 3, 2015

Committee On Health
Representative Della Au Belatti, Chair
Representative Richard P. Creagan, Vice Chair
Conference Room 329
State Capitol
415 South Beretania Street

RE: February 06, 2015 Hearing for HB1075

My name is Karey Kapoi and I am writing in support of HB1075 to authorize the Maui regional health care system to enter into an agreement with a private Hawaii nonprofit corporation.

I have worked at Maui Memorial Medical Center for almost five (5) years, and my mother before me for nearly thirty (30) years. In that time, I've watched my mother and her peers dedicate countless hours under sometimes strained circumstances to meet the growing demands of our residents and visitors. I have also enjoyed the privilege to work alongside some of the most dedicated and compassionate individuals in our community, who have, despite public criticism and challenges continuously delivered the highest level of care possible.

Over the years, the hospital has grown and responded to the changing industry it's a part of, and although it has had to endure a number of challenges, it has never wavered in the level of care offered. We have, however reached a point where our options for growth have diminished. If the State cannot fund us according to what is required at least for status quo operations, they should allow our hospital to explore a partnership that can provide and maintain the level of care we need.

As a mother, an employee and a resident of this State, I am hopeful that you will support HB1075 to allow the Maui Region to continue to serve and grow as it has the potential to do, and as our community deserves.

Thank you for your consideration and leadership.

Sincerely,

Karey Kapoi
1379 Moohele Street

Wailuku, HI 96793
(808) 870-5171

From: Kevin Maier <kmaier@hhsc.org>
Sent: Thursday, February 05, 2015 12:35 PM
To: HLTtestimony
Subject: HHSC, MMMC, and HPH

To Whom It May Concern:

I understand there are some bills tomorrow addressing the situation at Maui Memorial Medical Center and their possible partnership with HPH.

I for one support the partnership. Maui Memorial is in an unsustainable financial state and the community needs and deserves the vital health care services provided by MMMC.

In addition, I hope that the employees of MMMC, Kula hospital, and Lanai health center are given the opportunity, in the near future, to be represented by a *different* union, or to opt out of the union all together without paying any dues.

Thank you for your time and allowing my opinion to be heard.

Mahalo and Aloha,

Kevin Maier
Supervisor of the Heart, Brain, & Vascular Center
Maui Memorial Medical Center
Wailuku, Hawaii
808-243-3039
fax 808-242-2535

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From: mailinglist@capitol.hawaii.gov
Sent: Friday, February 06, 2015 7:20 AM
To: HLTtestimony
Cc: kmaier@hhsc.org
Subject: Submitted testimony for HB1075 on Feb 6, 2015 08:40AM

HB1075

Submitted on: 2/6/2015

Testimony for HLT on Feb 6, 2015 08:40AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
Kevin Maier	Individual	Support	No

Comments: I believe that a public/private partnership is necessary for the survival of Maui Memorial Medical Center. It's current financial state is unsustainable and the Maui County community needs and deserves the services provided by MMMC, as well as, the ability to grow current service lines and provide new ones in the future. I support a public/private partnership for Maui Memorial Medical Center. It's our last chance. Please pass this bill. It's what's best for the people of Maui County.
Mahalo Nui Loa

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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From: Susie Uwekoolani <susieuwekoolani@gmail.com>
Sent: Thursday, February 05, 2015 3:18 PM
To: HLTtestimony
Subject: HHSC bills

I am strongly opposed to the current format of this bill. Maui Memorial is in deep trouble but not because of employee's salaries. We have way too many supervisors for a hospital of this size. Unwise commitments to an unprofitable cardiac program is also another cost factor. We have unused equipment bought for this program and not being used. My big concern is for Kula hospital. HPH does not do long term care. How do we know they won't try to shut this aspect down as a money loser. Thats what safety net provisions are meant for - protecting the vulnerable. If we must be sold off- its not a public/private partnership, can it be at the end of the fiscal year, not the physical year to allow for programs employees are enrolled in certain programs. Susie Uweko'olani RN,BSN . Kahului,Hi

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 04, 2015 2:14 PM
To: HLTtestimony
Cc: sherieiko@hawaiiantel.net
Subject: Submitted testimony for HB1075 on Feb 6, 2015 08:40AM

HB1075

Submitted on: 2/4/2015

Testimony for HLT on Feb 6, 2015 08:40AM in Conference Room 329

Submitted By	Organization	Testifier Position	Present at Hearing
sheri yamaguchi	Individual	Support	No

Comments: Dear Chair Belatti, Vice Chair Creagan, and Members of the Committee on Health: I am writing in support of SB795 to authorize the Maui regional health care system to enter into an agreement with a private Hawaii nonprofit corporation. I was born and raised on Maui and have seen Maui Memorial Medical Center blossom into the only hospital in the state with a 24/7 stroke prevention program and only neighbor island hospital that provides comprehensive cardiovascular services. Patients are not only residents and visitors of Maui county, but also extend to Hilo, Kona and Kauai as well. Please consider passing this Bill, in its present form, or providing the funding needed to Maui Memorial Medical Center. Also, please consider reviewing the amount of sick leave and vacation that is allotted to state employees. As a state employee, I know that we have an overabundance of sick leave and vacation days. May be by cutting some of this out, the state could save money that could be used towards healthcare or other areas in need. Thank you Sheri Yamaguchi

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HALE MAKUA HEALTH SERVICES

COMPASSION COMMITMENT COMMUNITY

Testimony in Support of HB 1075

2/5/15

Aloha Chair Belati and Members of the House Health Committee

My name is Tony Krieg, C.E.O. of Hale Makua Health Services on Maui. Hale Makua's nursing homes with 251 beds admits, on average 40 patients per month from Maui Memorial Medical Center.

We are a partner with Maui Memorial Medical Center and work together to streamline the admission process between our facilities and services and to make sure that both organizations improve the quality of care for the patients that we both serve.

It is our understanding that a major health care system in Hawaii, Hawaii Pacific Health, is in discussions with Maui Memorial to provide capital and expertise to improve the health care delivery system at the hospital and in our community.

As you know there is a severe shortage of primary care physicians in Maui and the rest of the state. To be admitted to Hale Makua's services, each potential patient needs a primary care physician to care for them. Nearly all of the local physicians on Maui are now too busy to admit and attend patients in our nursing homes. In order to keep patient flow between our homes and Maui Memorial, we are bringing temporary contracted physicians from the Mainland who rotate on a 4-6 month basis. This is not efficient and, as you can imagine is very costly and probably not sustainable.

We understand that Hawaii Pacific Health has expertise in working with physician groups to provide primary and specialty care in Hawaii. We believe that this partnership will benefit Hale Makua, Kula and Maui Memorial by integrating proven patient care models and care transition models between our facilities to improve patient outcomes and third party reimbursements.

This bill provides a vehicle for a transition which makes economic sense and will improve the delivery system on Maui. I urge you to pass this bill out of your committee and move it along to Labor and Finance.

State of Hawai'i
House of Representatives
Committee on Health

Representative Della Au Belatti, Chair
Representative Richard P. Creagan, Vice Chair

DATE: Friday, February 06, 2015
TIME: 8:40 a.m.
PLACE: Conference Room 329
State Capitol
415 South Beretania Street

TESTIMONY IN SUPPORT - House Bill 1075

Madame Chair Belatti, Vice Chair Creagan and members of the House Committee on Health, thank you for the opportunity to provide testimony on House Bill 1075.

My name is Patrick Saka, Chief Administrative Officer of Hawaii Health Systems Corporation – Maui Region.

The Maui Region hospitals, which include Maui Memorial Medical Center, Lanai Community Hospital and Kula Hospital & Clinic are facing significant challenges in our ability to continue to provide quality healthcare services the Maui County community and also to other communities throughout the state of Hawaii.

Over the past several months, there has been much media coverage about the current financial condition of the Hawaii Health Systems Corporation, including the Maui Region, and the difficult decisions being made to address stagnant revenue growth and increasing operating expenses. Some of the measures the Maui Region has instituted include Reductions in Force (RIF) and reduction of services – closure of Maui Memorial Medical Center's Youth Behavioral Health Unit, Molokini II.

Members of your committee also heard first-hand from Maui County residents and healthcare providers at a 3-hour informational briefing on November 10, 2014 at Maui Waena Intermediate School about the need for continued support for the Maui Region facilities. There was strong support urging the legislature to allow for a public-private partnership for Maui Region facilities.

The Maui Region leadership has made significant efforts over the past several legislative sessions to educate lawmakers about the rapidly changing landscape of the healthcare industry and the potential negative impacts to the Maui Region's ability to continue to provide quality healthcare services in a financially viable manner. One of the solutions proposed was public-private partnerships. There have also been numerous studies mandated by previous legislation to identify possible solutions to the challenges faced by the Hawaii Health Systems Corporation. In each study, there was strong support for the creation of public-private partnerships.

The goal of creating a public-private partnership is to allow Maui Region's hospitals to maintain and expand services and give Maui County the much-needed medical services they need and want as a community.

I ask for your consideration on this proposed measure.

Thank you.